

~~CONFIDENTIAL~~

Nº

3

Economic Research Aid

LABOR SUPPLY AND EMPLOYMENT
IN NORTH VIETNAM

1955-61



CIA/RR A.ERA 62-2

July 1962

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

~~CONFIDENTIAL~~

GROUP 1
Excluded from automatic
downgrading and
declassification

Economic Research Aid

LABOR SUPPLY AND EMPLOYMENT
IN NORTH VIETNAM
1955-61

CIA/RR A.ERA 62-2

WARNING

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

CONFIDENTIAL

C-O-N-F-I-D-E-N-T-I-A-L

FOREWORD

The purpose of this research aid is to provide background information on labor supply and employment in North Vietnam for the period 1955-61. A national census in North Vietnam in March 1960 and the compilation of economic handbooks by the North Vietnamese State Statistical Bureau have made this research aid feasible, but estimates are subject to further revision when more complete information is received.

This research aid is the third published by this Office on labor supply and employment in the Communist Asian countries. The first report was CIA/RR RA 59-12, Labor Supply and Employment in Communist China, 1952-58, August 1959, SECRET, and the second was CIA/RR RA 59-16, Labor Supply and Employment in North Korea, 1953-58, November 1959, SECRET.

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

CONTENTS

	<u>Page</u>
Summary and Conclusions	1
I. Population and Labor Supply	3
II. Employment	4
A. Civilian Labor Force	4
B. Workers and Staff	5
C. Handicrafts and Agriculture	6

Appendixes

Appendix A. Statistical Tables	7
Appendix B. Methodology	13
Appendix C. Source References	17

Tables

1. Estimated Population of North Vietnam, by Age Group, 1955-61	9
2. Civilian Labor Force of North Vietnam, by Occupation, 1 March 1960	9
3. Estimated Civilian Labor Force in North Vietnam, 1955-61 .	10
4. Average Number of Workers and Staff in State Enterprises in North Vietnam, by Economic Sector, 1955-61	10
5. Estimated Number of Workers and Staff Employed in Industry in North Vietnam, by Type of Ownership, 1955-61	11
6. Estimated Number of Workers and Staff Employed in Industry in North Vietnam, by Type of Industry, 1957 and 1960 . .	11

- v -

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

	<u>Page</u>
7. Estimated Employment in Industry and Handicrafts in North Vietnam, 1956-60	12
8. Estimated Agricultural Labor Force in North Vietnam, by Type of Ownership, 1955-61	12

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

LABOR SUPPLY AND EMPLOYMENT IN NORTH VIETNAM*
1955-61

Summary and Conclusions

On 1 March 1960 the government of North Vietnam took a national census for the first time. The census included information on the population by age, sex, and occupation, thus permitting an analysis of the North Vietnamese labor force on the basis of official data. The census taken in conjunction with official data recently published by the State Statistical Bureau of North Vietnam makes possible a reevaluation of estimates of population, labor supply,** and employment.

Of the total population of 15,916,955 in North Vietnam as of 1 March 1960, the civilian labor force represented 51 percent, with agriculture accounting for more than three-fourths of this labor force. With continued industrialization of North Vietnam, however, it is anticipated that the percentage of the total labor force in agriculture will decline gradually over the period of the First Five Year Plan (1961-65).

* The estimates and conclusions in this research aid represent the best judgment of this Office as of 1 May 1962.

** The term labor supply as used in this research aid refers to the population of working age (15 through 64 years).

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

I. Population and Labor Supply

On the basis of the first national census ever taken in North Vietnam the population of the country was given as 15,916,955. This total was broken down by age, sex, and occupation. The regime also has published estimates of the total population at midyear for 1955 through 1960 1/* without breaking down this information in terms of age, sex, and occupation. These latter population figures were derived on the basis of a flat projection of 3.45 percent per year, which is the rate of population increase announced by the regime** and apparently is based on some kind of official survey taken in 1957,*** 3/ although no details of the survey have been received.

There are three basic problems with the official population data for North Vietnam. First, the census population distributed by age exhibits inexplicable anomalies at ages under 25. Second, the census population distributed by sex shows an unusually large excess of females at advanced

* For serially numbered source references, see Appendix C.

** During 1961 the officially announced rate of natural increase was 3.7 percent, and the regime apparently is projecting the total population to 1965 at an average annual rate of slightly above 3.7 percent. 2/

*** This high rate of increase may have been obtained from one of two types of surveys: from a survey of old registration records or from a survey of the population in an urban area. When population registers are used as a basis for political control, including recruitment and tax assessments, there is a strong motivation for young adult males to avoid being registered. As the regime strengthens its control over the population, more and more of these males become registered. Where population registers are used as a basis for ration allotments, not only is the population registered more completely, but also births are more accurately reported than deaths. Under such circumstances, base populations are usually underestimated, birth registration is relatively complete, and death registration is grossly deficient. The rates of increase computed from registrations thus may be far above the actual rates. The use of urban population surveys as a basis for determining the natural rate of increase also exaggerates the rate of growth. Such surveys in a growing city would mean a relatively youthful population with a high proportion of young married couples in the childbearing ages, age groups that would have high birth rates and low death rates even if registration were absolutely accurate. Extrapolation of these rates to the rest of the urban and rural population thus would greatly exaggerate the rate of growth of the total population. For these reasons, the rate of increase of 3.45 percent used by the regime for 1955-60 has been rejected in this research aid.

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

ages, a phenomenon commonly found in censuses of nonliterate populations where female ages tend to be exaggerated. Third, the announced rate of natural increase -- 3.45 percent per year -- appears much too high, for it implies an advanced stage of control over mortality that is not believable in view of the frequent official complaints of poor health conditions and of deteriorating food supplies during 1955-61. The population figures presented in Table 1* attempt to meet these three problems. These figures are based on the census figure for the total population and on a model age-sex distribution, projected from 1960 at rates consistent with current demographic conditions in North Vietnam.

From 1955 through 1961 the population of working age (15 through 64 years) increased at an estimated average annual rate of about 1.1 percent (or about 100,000 per year) compared with the estimated average annual increase of 1.5 percent (or about 230,000 per year) in the total population (see Table 1). In 1955-56 the total population and the population of working age grew very little, primarily because of the war losses in previous years and the migration of about 1 million people during 1954-56 to South Vietnam. Since 1957 the population of working age has grown at an average annual rate of 1.4 percent, or about 125,000 per year, compared with an average annual increase of 1.8 percent, or about 280,000 per year, in the total population.

II. Employment**

A. Civilian Labor Force

According to the census of 1 March 1960, the civilian labor force of North Vietnam represented 51 percent of the population, or 8,119,286, of which 6,377,024 were in agricultural occupations and 1,742,262 in non-agricultural occupations. The occupational distribution of the total labor force given in the census of 1 March 1960 is presented in Table 2,*** and estimates of the civilian labor force for 1955-61 are shown in Table 3.†

* Appendix A, p. 9, below.

** Data on employment contained in the tables exclude the unemployed in urban areas and persons in the armed forces. Data on urban unemployment are fragmentary, but more than 100,000 workers were reported as being unemployed in 1955. 4/ During the first 9 months of 1960 the regime reported that about 40,000 jobless persons became employed, 5/ and at the Third National Congress of the Vietnamese Workers Party in September 1960 it was officially stated that urban unemployment had been "basically eliminated." 6/ Although the regime does not publish data on the size of its armed forces, they are estimated at about 275,000 men.

*** Appendix A, p. 9, below.

† Appendix A, p. 10, below.

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

From 1955 through 1961 the civilian labor force increased at an estimated average annual rate of 2 percent. The nonagricultural labor force increased at 7 percent compared with an average annual increase of 1 percent in the agricultural labor force.

B. Workers and Staff

Throughout the countries of the Sino-Soviet Bloc the term workers and staff is used as an employment classification. The term as used in North Vietnam is believed to include all persons who are paid a fixed wage or salary, including paid employees of state, joint state-private and co-operative, and private enterprises.* This classification excludes entrepreneurs and individual artisans. Although workers and staff in North Vietnam are primarily engaged in nonagricultural employment, employees of state agriculture also are included. The average number of workers and staff in state agriculture was only about 18,000, or 3.7 percent of the total number of workers and staff in 1960.

From 1955 through 1961 the average number of workers and staff in state enterprises increased at an average annual rate of more than 23 percent, from 168,000 in 1955 to 597,000 in 1961,** as shown in Table 4.*** The largest part of this increase is attributable to the rapid expansion of industrial activity under the Communist regime, but a substantial part is accounted for merely by the reclassification of workers from other types of ownership to state ownership.

During the North Vietnamese Three Year Plan (1958-60), workers and staff in industry grew at an average annual rate of 17 percent (see Table 5†). During this period, employment in light industry increased by nearly 50 percent, and employment in heavy industry increased by 100 percent (see Table 6††). In spite of the larger percentage growth in employment in heavy industry, there were still only 40,000 workers and staff in heavy industry compared with 101,000 in light industry at the end of 1960.

* Anyone using North Vietnamese statistics is cautioned to ascertain in each case whether official data cover all workers and staff or only that part of workers and staff attached to state enterprises.

** In May 1962 the regime for the first time announced figures on the total number of workers and staff for 1957 and 1961. According to these figures, the total number of workers and staff had increased from 335,000 in 1957 to 750,000 in 1961. 7/

*** Appendix A, p. 10, below.

† Appendix A, p. 11, below.

†† Appendix A, p. 11, below.

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

C. Handicrafts and Agriculture

From 1956 through 1960, employment in handicrafts is estimated to have grown by about 5 percent per year (see Table 7*) compared with an increase of nearly 15 percent per year in employment in factory industry, but handicrafts still employed almost four times as many people as industry at the end of 1960.

In spite of the emphasis of the Communist regime on the expansion of industrial output and in spite of the movement of people from agricultural to nonagricultural employment, there has been a slight increase in the estimated total agricultural labor force (see Table 8**). It is anticipated, however, that because of the emphasis on industrial output the percentage of the total labor force in agriculture will decline gradually over the period of the First Five Year Plan (1961-65). In typically Communist fashion the regime has forced the peasants into collective agricultural organizations by stages. It is estimated that only about 10 percent of the agricultural labor force would have remained outside collective organizations by the end of 1961.

* Appendix A, p. 12, below.

** Appendix A, p. 12, below.

C-O-N-F-I-D-E-N-T-I-A-L